

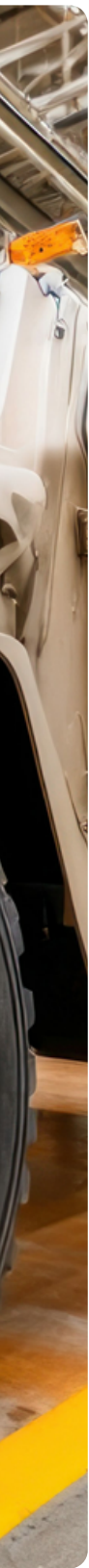


Strategic Aerospace, Security and Defence Initiative 2025-2030

Executive Summary







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22/5/2025

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01

The Aerospace, Security and Defence Sectors in Galicia



The Xunta de Galicia has been actively supporting the aerospace sector since 2014, through a Strategic Initiative aimed at making this sector a benchmark among high-tech sectors in Galicia.

To date, the policy to boost the aerospace sector in Galicia has materialised in the **Galician Aerospace Hub**, created in 2015 to turn the region into an aeronautical and unmanned systems hub. The actions promoted under the umbrella of this policy were grouped in the **Civil UAVs Initiative**, a pioneering strategic initiative in Europe in attracting investment in the civil drone sector and in promoting innovative solutions with unmanned vehicles.

Through **public-private collaboration**, the Aerospace Hub has managed to bring together more than 50 entities (leading companies, SMEs, universities and technology centres) that together develop more than 100 R&D&I and entrepreneurship projects with the participation of more than 3,000 highly qualified professionals. In fact, the Xunta was a pioneer in using instruments such as Public Procurement of Innovation to implement these projects, a tool that served as a model for other regions.

On the other hand, the **Smart Specialisation Strategy (RIS3) of Galicia 2021-2027** identifies several high-tech and sustainability areas as priorities, including aerospace. Efforts are focused on dual technology activities, leveraging civil and military synergies, so that the developed solutions can be applied to both civil services and the defence sector's demands.

The impact of these investments and the evolution of the aerospace sector in Galicia has been analysed in recent years by several Spanish universities, within the framework of the Aerospace Sector Observatory of Galicia, highlighting data such as:

- Between 2015 and 2022, the sector grew from 2,677 jobs to 4,267, that is, a 59% increase. Today, the aerospace sector is the third high-tech sector in Galicia by number of employees.
- The sector's revenue grew by 21.4% between 2015 and 2022, well above the growth of the leading region (Andalucia), which grew by 0.5%, and the average of the Spanish aerospace sector, which grew by 15% during that period.
- The added value of the aerospace sector in Galicia grew more than the billing (35%), highlighting a structural change and surpassing the change in other sectors of the Galician economy and more than the rest of the high and medium technology sectors (the added value of the aerospace sector grew during that period seven points above other similar sectors).
- The sector's exports during that period multiplied by 43, and the trade balance was positive for the first time in history in 2021 and 2023.

Compared to other regions, the Galician aerospace sector is still small in size, but the region is in the process of establishing itself as a prominent region in the sector. Today in Galicia, more than 140 companies work in the value chain of this sector.



This boost translated into significant growth in the sector in Galicia.

+59%

A growth in employment in the aerospace sector in Galicia up to 4,267 jobs.



+21,4%

Increase in turnover, being the region with the highest growth in the sector in Spain.



+140

Large and small companies are today part of the aerospace, security and defense sector in Galicia. A sector with capabilities in more than 75% of the critical technologies for the future of these activities.

According to these same studies, Galician companies achieve higher profitability than those in the rest of Spain, and their debt levels are significantly lower. The productivity of the assets of Galician companies is substantially higher, as well as their long-term solvency or liquidity ratio. However, labour productivity is better, which may indicate a greater investment in the creation of new products.

On the other hand, **in the field of security and defence** - with 115 specialised work centres in this sector - Galicia stands out for being capable of building complete **naval systems and advanced land systems**, with two leading companies in both fields located in the region (Navantia and Uro). Moreover, in the field of **communication technologies and cybersecurity**, the participation of Galician companies and centres in major programmes in these areas is also noteworthy (such as the Strategic Cybersecurity Initiative of INCIBE, in which more than 13% of the funds finance Galician projects). Finally, Galicia is one of the few regions with **proven capabilities in the construction of unmanned aerial, terrestrial, and naval systems**.

In addition to the technological capabilities of Galician companies in this sector, the management capacity stands out, with the presence in Galicia of companies with a proven ability to lead special defence programmes, such as Navantia, Uro, INDRA, etc. Some Galician companies participate in important **international cooperation programmes** in this field and, of course, are involved in significant export operations. This is, therefore, one of the industrial sectors in which Galicia has leading companies, capable of driving many other smaller companies in both technological progress and national and international trade.



02

Opportunity to expand the scope to the rest of the strategic industrial sectors in Galicia

The aerospace, security, and defence sectors are undergoing a profound transformation due to the current geopolitical context, new uncertainties, and technological advancements.

Security and defence have become **priority** issues for the EU and its member states. The conflict between Russia and Ukraine highlighted the need for a unified European defence strategy, as well as the importance of greater **coordination, investment, and innovation** in this area. **The European De-fence Industrial Strategy** will bring together a set of new actions aimed at supporting the competitiveness and preparedness of the defence industry across the Union. The Strategy defines indicators to assess the progress of Member States in terms of industrial preparedness and urges them to achieve the following objectives by 2030:

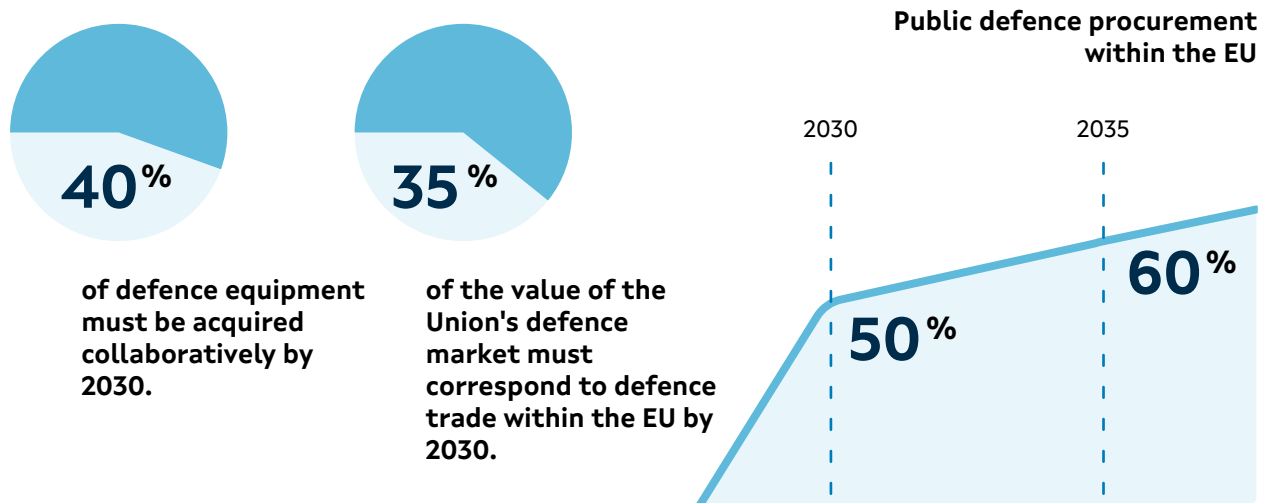
- Acquire at least **40%** of defence equipment collaboratively by 2030;
- Ensure that, by 2030, the value of defence trade within the EU represents at least **35%** of the value of the Union's defence market
- Continue to make steady progress so that at least **50%** of its defence public procurement budget is awarded **within the EU by 2030 and 60% by 2035**.



Nowadays, the aerospace, security, and defence sectors represent a growth opportunity for any European region

As a first step towards the implementation of the Strategy, the Commission presented the **European Defence Industry Programme (EDIP)**, a new legislative initiative that will allow progress (from the emergency measures adopted in the short term) towards a structured and sustainable

Objectives UE 2030



framework to achieve the long-term preparedness of the EU defence industry. With a budget of 1.5 billion euros allocated over several years, the EDIP will finance the improvement of the sector's competitiveness and productive capacity, investment in cutting-edge technologies, and cross-border R&D projects.

The Commission will also strengthen the **European Defence Fund**, with investments aimed at enhancing strategic capabilities, such as advanced naval and land systems, state-of-the-art air combat technology, space-based early warning, or cyber defence capabilities and critical infrastructure protection.

In this context, the Commission published guidelines aimed at increasing investment in the **promotion of the security and defence industry**. The EC acknowledged that it has suffered decades of **private funding deficits**, which have fragmented industrial capabilities and limited cooperation among Member States. To this end, and in order to reduce dependence on external suppliers and strengthen **strategic autonomy**, the EC will be able to implement the following budgetary measures:

- **Expand the budget allocated to defence and security in the next MFF**, with a significant increase compared to previous financial frameworks. This initiative is aligned with the commitments of NATO member states to allocate at least 2% of GDP to defence, although most have not reached this target.



Security and defence have become priority issues for the EU and its member states.



5% GPD

The minimum defence investment threshold established by NATO.

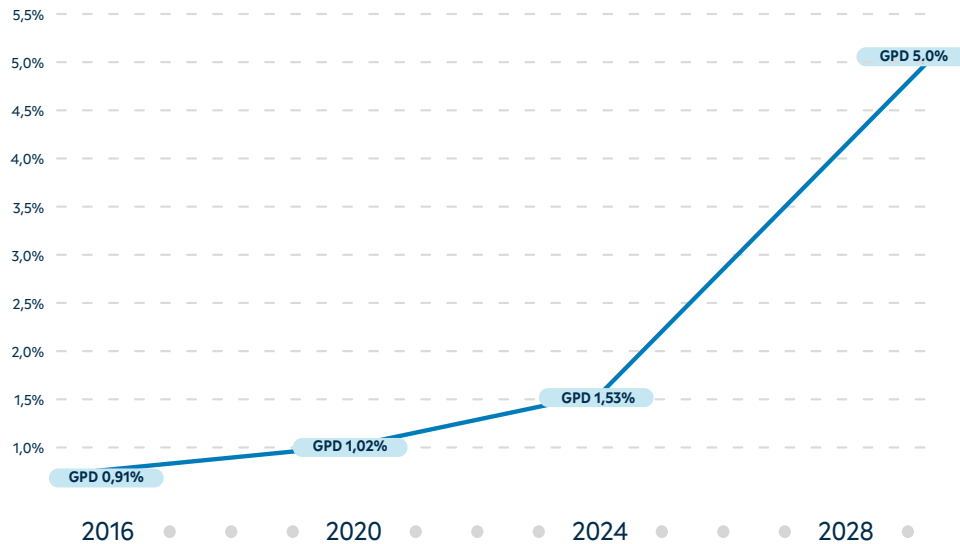
- **Review of the financing model of the European Defence Fund (EDF)**, with the aim of improving its impact on the development of critical industrial capabilities.
- A reinforcement of the funds available through InvestEU to support the financing of dual-use and emerging technologies in security and defence.
- **Mobilise additional resources** through new **European financial instruments** and better integration of private investment in the defence sector.
- **Coordinated financing of defence projects, through the future European Defence Industrial Strategy (EDIS) and the European Defence Industry Programme (EDIP)**, to promote the joint acquisition of military capabilities and foster cross-border industrial cooperation.
- **Strengthen the resilience of defence** supply chains through better coordination of industrial production, the storage of strategic materials, and the establishment of crisis response mechanisms.

This determination by the European Union led the member states to also de-fine the scope of their new defence strategies, linking them to their industrial policy and the pursuit of European technological sovereignty.

Spain has developed a strategic framework for defence and security that has evolved from a purely military conception to a more comprehensive ap-proach, where national security encompasses not only traditional defence but all its areas: energy security, human security, environmental security, economic security, and cybersecurity.

At a strategic level, **the invasion of Ukraine in 2022** marked a turning point in Spanish defence policy, contributing to the increase in military spending. Between **2016 and 2022**, the Ministry of Defence's budget doubled, rising from **6.8 billion to 14 billion euros**. Specifically, the Minister of Defence committed to raising military spending to **1.53% of GDP by 2024**, and the President of the Government, after the **NATO Summit** in June 2022, announced that Spain would reach **5% of GDP by 2029**. At the same time, the Ministry of Defence has secured an investment of 10.8 billion euros to cover the most **urgent needs of the Armed Forces**.

Defence budget (2016-2029) (% GDP)



In 2023, the Government published the **Defence Industrial Strategy 2023 (in spanish "EID 2023")** in order to maximise defence investment to strengthen the **DITB** and ensure Spain's strategic autonomy. The document identifies **ten strategic axes** that include: the development of strategic industrial capabilities (CIED), the promotion of armament acquisition programmes, the promotion of consortia and strategic alliances, the integration of new technologies, and the improvement of territorial cohesion through industrial corridors. In the international arena, EID 2023 strengthens Spain's participation in **European programs (PESCO, EDF, EDIP)** and NATO, promoting cooperation and reducing technological dependencies.

The approval in April 2025 of the **Industrial and Technological Plan for Security and Defence** determines the new national commitment to defence investment and establishes more than significant investments in areas such as communication technologies and cybersecurity, the manufacturing of defence and deterrence systems, or emergency management, among others. With this Plan, Spain will reach an investment of 5% of GDP.

Aerospace, Security, and Defence are, therefore, three interconnected areas in which Galicia already has significant capabilities and which are economic sectors with growth prospects in the next decade that are much higher than those of other high-tech sectors. This justifies the active intervention of the Xunta de Galicia to consolidate its position as a leading region in supporting business growth and the creation of quality jobs through public-private collaboration. This intervention materialises in the **new Aerospace, Security, and Defence Strategic Initiative**.

03

The Strategic Initiative 2025-2030

The Strategic Initiative was born with the ambition to seize the opportunities that this change in context opens up for Galician entities, creating today's and tomorrow's professional opportunities for young Galicians, and turning these sectors into an important lever for economic growth and the improvement of living conditions in the region.

In this framework, the Regional Ministry of Economy and Industry, which col-laborates closely with the Galician ecosystem of this sector and with experts in the field, has prioritised the approval of a Strategic Initiative 2025-2030 for Aerospace, Security, and Defence, identifying objectives, investment programmes, and specific actions that will be promoted by the Xunta de Galicia to ensure that the region continues to lead support policies for this sector in Spain.

The objectives for the next five years are:

- **Promote the growth of companies** that are part of the Galician aerospace, security, and defence ecosystem.
- **Encourage the diversification of companies** so that they can offer their products and services in the aerospace, security, and defence sectors.
- **Materialise new industrial investments** and promote sectoral transformation to facilitate the entry of new companies into the sector.

- **Strengthen the territorial productive capacities of Galicia** for this sector, including access to capital, infrastructure, and skilled workers.
- Lead the new industrial policies at the national level, consolidating the positioning of the Xunta de Galicia as an entrepreneurial and exemplary government in promoting public-private collaboration.

The 2025-2030 Strategy plans investments by the Xunta totalling 183 million euros over the next five years, including the current one. With this investment, the aim is to mobilise investments from other public entities and the private sector to reach a total investment close to 900 million euros in Galicia. That is to say, for every euro of investment from the Xunta, it aims to mobilise 3.9 euros of investment from other public and private actors.

This investment is distributed across three **major investment programs and 21 actions**, which include tenders, grants, agreements, and other public intervention instruments, with the aim of providing a comprehensive response to all the needs that the Galician ecosystem currently has to consolidate and grow in the coming years. The three investment programs are:

ECOSYSTEM PROGRAMME, which groups the three main public-private collaboration actions: **Association Agreements** (contracts signed with companies and knowledge centres that collaborate with the Xunta in the execution of joint investment programmes to develop key technologies for these sectors), **large technological sovereignty projects** (promoted by the Xunta and sector companies for the realisation of industrial investments in Galicia and which, due to their volume, require ad hoc support from the Xunta), and **Galician consortia for strategic projects and programmes** (groups of companies and Galician centres that receive direct support from the Xunta to compete in national and international projects and programmes and attract new funds and investments



Given the need to achieve Europe's strategic autonomy, the Xunta sets industrialization as its objective and not only the creation of capacities.

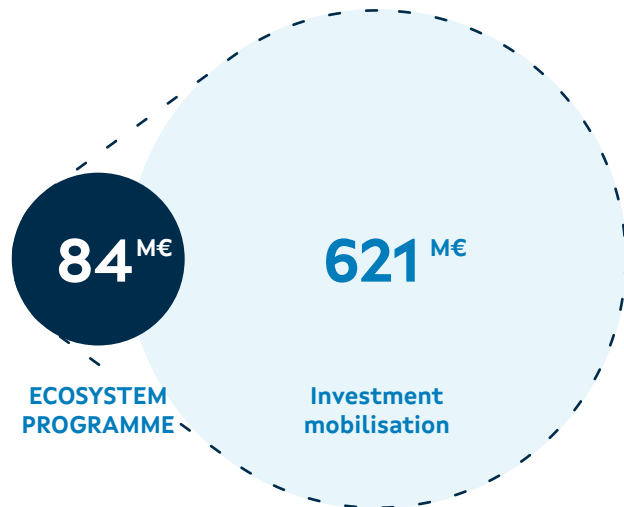


The first programme of the 2025-2030 Strategy groups the three main public-private collaboration actions of the Xunta for the aerospace, security, and defence sectors.



to Galicia). The budget for this Programme amounts to **84 million euros** for the period 2025-2030, and it **aims to mobilise 621 million in investments in Galicia**.

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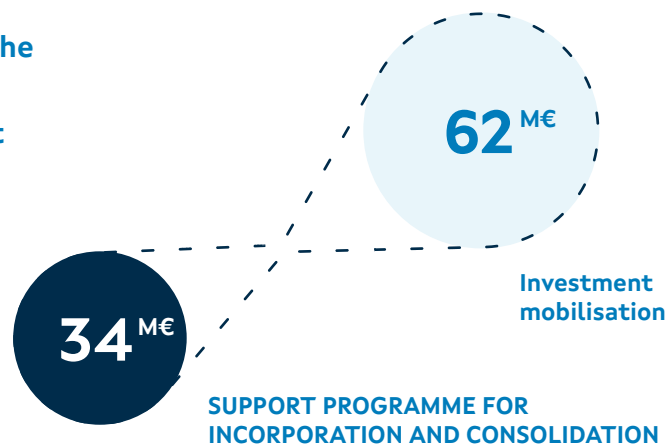
The second programme will help new companies enter the aerospace, security, and defence sectors, and consolidate the existing ones.

SUPPORT PROGRAMME FOR INCORPORATION AND CONSOLIDATION,

whose objective is to achieve the sectoral transformation of the existing business and industrial network in Galicia so that it can take advantage of the opportunities in the aerospace, security, and defence sectors through two avenues: helping companies from other sectors or new companies to join the aerospace, security, and defence sectors; and consolidating existing companies. **The programme includes ten actions** focused on advising these companies, supporting their transformation processes, and providing unique territorial infrastructure to address this transformation process. The creation of new technology companies in the sector will continue to be promoted through BFAero and in collaboration with ESA. Additionally, markets will be created for Galician companies, and the knowledge of Galicia's offerings and capabilities will

be facilitated, both nationally and internationally. The budget for this Programme amounts to **34 million euros for the period 2025-2030** and aims to mobilise a total investment of 62 million euros in Galicia.

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DUAL INVESTMENTS IN AEROSPACE, SECURITY AND DEFENCE PROGRAM-

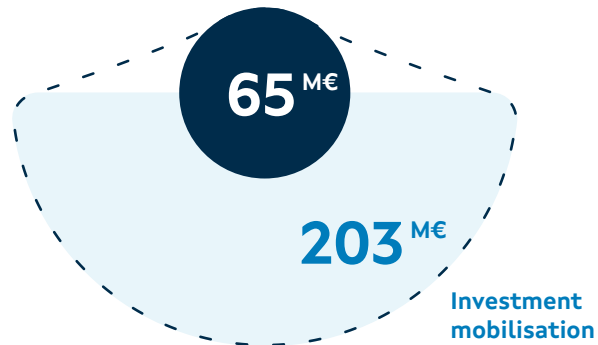
ME, whose main action is the creation of a **Dual Technologies Investment Fund** that allows support of the emerging Galician aerospace sector in the growth phase of companies, promoting their investment in Galicia and their permanence in the territory. The Xunta will allocate **40 million euros** to this fund and aims to mobilise the same amount from other public and private investors. Additionally, the programme includes five other actions aimed at attracting investments, industrial land, innovation aid, or regional demand for innovative solutions through public procurement. The budget for this Programme amounts to **65 million euros for the period 2025-2030** and aims to mobilise an investment in Galicia close to 203 million euros.



Through the dual investment programme, the Xunta will support the necessary investments to boost the industrial development of companies in the Galician aerospace sector and attract new investments to Galicia, highlighting the new Dual Technology Investment Fund.

The budget for this Programme amounts to 65 million euros for the period 2025-2030 and aims to mobilise an investment in Galicia close to 203 million euros.

DUAL INVESTMENT PROGRAMME IN
AEROSPACE, SECURITY, AND DEFENCE.



40 M€

is the amount the Xunta will allocate for the creation of the Dual Technologies Investment Fund.

The Aerospace, Security, and Defence Strategic Initiative includes, in relation to its governance, first of all, an annual Technical Forum and a **group of experts to share the technical knowledge** accumulated by companies and centres, partly thanks to the collaboration instruments provided by the Xunta. Additionally, a **working group of industry experts**, public administration representatives, and knowledge centres will be created to guide key decision-making by the Xunta de Galicia, as well as to discuss new approaches that can be implemented to keep the strategy continuously evolving.

Similarly, **an Observatory for the aerospace, security, and defence sectors will be developed for monitoring and dissemination**: the Xunta will maintain multidisciplinary research activity on the aerospace, security, and defence sectors in Galicia, in relation to the national and international context.

STRATEGIC AEROSPACE, SECURITY AND DEFENCE INITIATIVE 2025-2030

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